

Message Text

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ORIGIN EUR-12

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INFO AMEMBASSY LONDON
AMEMBASSY BONN
AMEMBASSY BRUSSELS

C O N F I D E N T I A L STATE 041849

USEEC, USOECD FOR INFO

E.O. 11652: GDS

TAGS: EAID, FR, XA

SUBJECT: GISCARD'S PROPOSAL FOR AFRICA AID

1. REGARDING PRESIDENT GISCARD'S MENTION OF HIS PROPOSAL
FOR A SPECIAL AFRICA-AID FUND DURING PRESIDENT CARTER'S
VISIT TO PARIS, WE WANT FRENCH OFFICIALS TO BE AWARE THAT
WE ARE WILLING TO EXCHANGE VIEWS WITH THEM REGARDING ASSIS-
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TANCE TO MODERATE BLACK AFRICAN STATES. FROMENT-MEURICE
HAS SUGGESTED THAT HE AND UNDER SECRETARY COOPER DISCUSS
SUBJECT DURING THE UNDER SECRETARY'S STAY IN PARIS FOR
OECD/XCSS MEETING. WE UNDERSTAND EMBASSY IS IN CONTACT WITH
USOECD TO FIX APPROPRIATE TIME IN AFTERNOON FEBRUARY 24.
YOU MAY INDICATE TO QUAI THAT UNDER SECRETARY LOOKS FORWARD
TO MEETING AT THAT TIME AND ASK WHETHER DUTET OF ELYSEE

STAFF SHOULD ALSO BE INCLUDED.

2. AS EMBASSY IS AWARE, WE CONTINUE TO HAVE PROBLEMS WITH THE CONCEPT OF THE FUND AS IT HAS BEEN PRESENTED TO US SO FAR. NEVERTHELESS, WE SHARE GISCARD'S GENERAL AIM OF SUPPORTING MODERATE PRO-WESTERN BLACK AFRICAN GOVERNMENTS AND WE ARE WILLING TO COOPERATE WITH FRENCH IN PURSUING THAT GOAL. AT HIS PRESS CONFERENCE AFTER PRESIDENT CARTER'S VISIT GISCARD SEEMED TO BE INVITING OUR SUGGESTIONS. WE ARE, THEREFORE, ASSESSING HOW WE CAN BEST RESPOND TO

GISCARD'S INITIATIVE AND WE WOULD APPRECIATE EMBASSY'S SUGGESTIONS INCLUDING HOW WE MIGHT DEAL WITH THE FOLLOWING PROBLEMS WE HAVE WITH ORIGINAL FUND IDEA:

A. THE DONOR GROUP WOULD INCLUDE ONLY THOSE INDUSTRIALIZED COUNTRIES WITH "HISTORIC TIES" TO AFRICA (FRANCE, THE UK, GERMANY, AND BELGIUM) PLUS THE US. THE FUND WOULD THEREFORE NOT RECEIVE CONTRIBUTIONS FROM THE OPEC COUNTRIES AND THE REMAINING OECD DONORS. THE LIMITED MAKE-UP OF THE DONOR GROUP WOULD INVITE CRITICISM THAT THE FUND WAS A "NEO-COLONIALIST" SCHEME DESIGNED TO PERPETUATE DEPENDENCY OF AFRICAN STATES TO FORMER COLONIAL POWERS. MOREOVER, NONE OF THE POTENTIAL DONORS HAVE SO FAR INDICATED INTEREST IN THE FUND.

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B. THE AFRICAN RECIPIENTS WOULD INCLUDE FEWER THAN TEN AFRICAN STATES SELECTED BY SUCH LEADERS AS PRESIDENTS HOUPHOUET-BOIGNY, SENGHOR, AND KENYATTA. IT WOULD BE HARD USING THIS METHOD TO COME UP WITH A GROUP REPRESENTATIVE OF AFRICAN POLITICAL LEADERSHIP. CHANNELING THE BULK OF THE ASSISTANCE TOWARD THE MODERATE STATES MIGHT BACKFIRE BY SERVING TO POLARIZE AFRICAN POLITICS.

C. WHILE US IS GENERALLY INCREASING ITS ASSISTANCE TO AFRICA, THE FUND COULD SIMPLY DIVERT RESOURCES AWAY FROM REGULAR DEVELOPMENT ASSISTANCE PROGRAMS AND FROM VARIOUS ESTABLISHED MULTILATERAL/ASSISTANCE INSTITUTIONS OF BROADER SCOPE, SUCH AS THE SAHEL DEVELOPMENT PROGRAM AND THE AFRICAN DEVELOPMENT FUND. THE AFRICAN DEVELOPMENT FUND (AFDF) IN PARTICULAR WOULD SUFFER AS A COMPETITOR FOR DONOR FUNDS. IN FACT, WE SEE LITTLE LIKELIHOOD CONGRESS WOULD SUPPORT CONTRIBUTIONS TO ANOTHER FUND. WE NOTE THAT FRANCE HAD DECIDED NOT TO PARTICIPATE IN THE AFDF'S UPCOMING SECOND REPLENISHMENT AND MADE ONLY A TOKEN CONTRIBUTION TO THE FIRST REPLENISHMENT - \$10 MILLION OVER FOUR YEARS.

D. THE TYPE OF ASSISTANCE ENVISAGED WOULD FALL LARGELY OUTSIDE THE CONGRESSIONAL "NEW DIRECTIONS" GUIDELINES, WHICH DISCOURAGE US BILATERAL FINANCING OF MAJOR INFRA-STRUCTURE PROJECTS. THE "NEW DIRECTION" ORIENTATION HAS BEEN IMPORTANT FOR GAINING CONGRESSIONAL SUPPORT FOR AID APPROPRIATIONS. THE US DID, HOWEVER, VOTE FOR THE RESOLUTION ADOPTED BY THE UN GENERAL ASSEMBLY IN DECEMBER WHICH REQUESTED DONOR SUPPORT FOR A DECADE FOR TRANSPORT AND COMMUNICATIONS DEVELOPMENT IN AFRICA.

4. US DEVELOPMENT ASSISTANCE TO THE CONTINENT, INCLUDING

THE SAHEL DEVELOPMENT PROGRAM, HAS BEEN RISING (FY 77 \$165 MILLION, FY 78 \$214 MILLION, FY 79 PROPOSED \$294 MILLION).
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THIS REFLECTS CONGRESSIONAL INTENT AND THE CENTRAL ROLE WHICH AFRICA HAS ASSUMED IN THE FOREIGN POLICY OF THE CARTER ADMINISTRATION. THE CONGRESS HAS SHOWN STRONG SUPPORT FOR THE SAHEL DEVELOPMENT PROGRAM. (SECURITY SUPPORTING ASSISTANCE TO AFRICA WILL BE \$115 MILLION IN FY 78, BUT THE PROPOSED LEVEL DROPS TO \$45 MILLION IN FY 79; PL-480 IS ESTIMATED AT ABOUT \$130 MILLION FOR BOTH YEARS.) THE US IS A MEMBER OF THE AFRICAN DEVELOPMENT FUND AND HAS REQUESTED \$25 MILLION FOR THAT PURPOSE IN FY 1979.

5. WE STRONGLY SUPPORT COOPERATION WITH FRANCE AND OTHER DONORS TO RAISE THE LEVEL AND IMPROVE THE EFFECTIVENESS OF AID TO AFRICA. FOR THIS REASON WE HAVE SUPPORTED THE AFDF AND HAVE PLAYED AN IMPORTANT ROLE IN THE CLUB DES AMIS DE SAHEL. MOREOVER, WE HAVE BEEN GIVING MORE ATTENTION TO AID COORDINATION CONSULTATIONS AS EVIDENCED BY RECENT TALKSWITH FRENCH IN JANUARY AND WITH EC IN OCTOBER. IT IS PERHAPSIN MEASURES AT COORDINATION THAT WE CAN BEST PUT FORWARD ALTERNATIVES TO GISCARD'S PROPOSAL. VANCE

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